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Press Release

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FOR IMMEDIATE RELEASE

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McGRAW REACHES SETTLEMENT AGREEMENT WITH PAYPAL

Attorney General Darrell V. McGraw, Jr., today announced that West Virginia has reached an agreement with PayPal, Inc. to resolve an investigation into the company's business practices. In addition to changing its business practices, PayPal will make a voluntary payment to West Virginia and the other 27 states involved in the investigation in the total amount of \$1.7 million. West Virginia will receive \$59,500 as its share of the settlement.

PayPal, Inc. is an Internet-based company that facilitates the transfer of money between individuals and companies via the Internet. PayPal is commonly used by people participating in online auctions or making Internet purchases.

Since 2000, Attorney General McGraw's Consumer Protection Division has received numerous complaints about PayPal raising concerns ranging from payments being "frozen," to incorrect accounts being charged.

"With the Internet becoming more important to the nation's economy, it is critical that companies such as PayPal comply with the consumer protection laws," said Attorney General McGraw. "I am heartened by PayPal's agreement to change its business practices without West Virginia or other states being forced to litigate."

Among other things, PayPal is agreeing to provide better notice regarding terms and conditions for using its payment services. Consumers also will be given a clear choice regarding what form of payment to use such as credit cards, debit cards, or electronic funds transfer between bank accounts. Additionally, consumers will no longer be required to click through multiple pages or screens before locating important information.

The Settlement Agreement brings to a close the multistate investigation begun in 2003.

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